

## UNION IRON WORKS.

APRIL 26, 1898.—Committed to the Committee of the Whole House and ordered to be printed.

Mr. YOST, from the Committee on Claims, submitted the following

### REPORT.

[To accompany H. R. 1615.]

The Committee on Claims, having under consideration the bill (H. R. 1615) to pay the Union Iron Works of San Francisco, Cal., for extra work on the *Monterey*, report the same as follows:

The committee finds that during the second session of the Fifty-fourth Congress the Secretary of the Navy, Hon. H. A. Herbert, recommended that this claim be paid, in the following letter to Congress, which is printed in Senate Document No. 89, Fifty-fourth Congress, second session:

NAVY DEPARTMENT,  
Washington, January 23, 1897.

*To the Senate and House of Representatives in Congress assembled:*

The act making appropriations for the naval service for the fiscal year ending June 30, 1897, contains the following provision:

"The Secretary of the Navy is hereby authorized and directed to examine claims against the Government which may be presented to him by contractors for the building of the hulls or machinery of naval vessels under contracts completed since January first, eighteen hundred and ninety-one, where it is alleged that such contractors have been subjected to loss and damage through delays in the work under said contracts which were not the fault of said contractors, but were due to the action of the Government, and to report to the next session of Congress the result of said investigation, and whether said claims are, in his opinion, subjects for the jurisdiction of the Court of Claims or for the action of Congress upon the same."

Under authority of this law the Union Iron Works has presented a claim against the Government for loss and damage due to delays alleged to have been caused by the Department in the construction of the armored coast-defense vessel *Monterey*. A copy of said claim is transmitted herewith, and it will be observed that the grounds for the same are set forth in a letter addressed to the Department by the contractors under date of June 18, 1892, and certain indorsements thereon by the Secretary of the Navy, and a letter dated February 11, 1893, relative thereto, by the Judge-Advocate-General.

The whole amount stated in the claim is \$30,839.89, of which \$17,339.89 represents actual outlay alleged to be due to the delay caused by the failure of the Department to deliver the armor and its accessories, as required by the contract for the construction of the vessel, while the remainder, \$13,500, represents interest on the mean deferred payment of \$300,000 for nine months at 6 per cent a year, the amounts claimed on account of the several items having been furnished in a statement dated January 30, 1893, after the completion of the vessel.

This claim, unlike those transmitted to the Congress with the Department's letters of the 8th of December last, was, very soon after being presented to the Department, viz, on the 16th of February, 1893, and only ten days after the preliminary acceptance of the *Monterey*, submitted to a board of naval officers for audit, and said board made its report under date of the 20th of said month (copy inclosed herewith), by which it appears that, in its opinion, the contractors were entitled to reimbursement of the expenses incurred by them on account of the matters mentioned in their letter of the 18th of June, 1892, and that the board found that the Government was fairly and properly indebted to the contractors in the sum of \$14,742.58, the difference

between this sum and the amount claimed being due to the allowance by the board of smaller sums than were claimed on several of the items, and the disallowance of the \$13,500 interest claimed on deferred payments.

The Bureau of Construction and Repair approved said report in its indorsement thereon, dated March 2, 1893 (copy herewith), subject to the Department's decision as to whether the amounts allowed by the board on certain of the items could be paid under the terms of the contract; but the Department, on the 3d of said month, by indorsement (copy herewith), declined to authorize payment of the amount found due by the board on the ground that it was not within its power to do so in view of the terms of the contract for the construction of the vessel.

Should the contractors be content to accept as settlement in full the amount found by the board above mentioned from its examination of the circumstances of the case, practically at the time of their occurrence, the members of the board, as the board on changes on said vessel during her construction, having been familiar with the matters considered by them, and the Department having, in its indorsement of the 3d of March, 1893, expressed the opinion that the claim was, to said extent, meritorious, it would seem that such amount might properly be appropriated for payment thereof; but if, as appears from the papers submitted, they claim the entire amount set forth in their itemized statement of January 30, 1893, it is recommended that the whole matter be referred to the Court of Claims for determination.

Very respectfully,

H. A. HERBERT, *Secretary.*

A bill similar to the one now under consideration was referred by the Senate Committee on Claims to the present Secretary of the Navy for his opinion, and the following is his reply:

NAVY DEPARTMENT,  
Washington, October 11, 1897.

SIR: The Department has the honor to acknowledge the receipt of your communication of the 9th instant, inclosing copies of the bill (S. 2398) to pay the Union Iron Works, of San Francisco, California, for extra work on the *Monterey*, and of Senate Document No. 89, Fifty-fourth Congress, second session, and requesting its recommendation and views in regard to the passage of said bill.

In reply I have to state that it appears from an examination of the matter above mentioned that the amount proposed by the bill in question to be paid to the Union Iron Works on account of extra work and expenses in constructing the U. S. S. *Monterey* was found by a board, duly appointed by this Department, to be due said company, and that the report of said board was approved by the Bureau of Construction and Repair; that Mr. Secretary Tracy, in his action of March 3, 1893, upon said report, stated that the items of expense allowed by the board were equitably due the contractors, and that he could not direct their payment because they were not provided for in the contract for the construction of the vessel, and also because the contract time for her completion had already expired and the vessel had been preliminarily accepted; and that, in a letter on this subject to the Congress, dated January 23, 1897, Mr. Secretary Herbert stated that should the contractors be content to accept as settlement in full the amount found by the board to be due them it would seem that such amount might properly be appropriated for the payment of their claim.

In view of all the foregoing, the bill in question is recommended to the favorable consideration of the Committee on Claims.

The inclosures of your communication are herewith returned, as requested by you.

Very respectfully,

JOHN D. LONG, *Secretary.*

Hon. WILLIAM M. STEWART,  
*Committee on Claims, United States Senate.*

The following clause passed both Houses in the general deficiency bill (H. R. 10329, Calender No., 1713), Fifty-fourth Congress, second session:

For payment in full to the Union Iron Works of San Francisco the amount found due said company by the Department for extra work and expenses in constructing the *Monterey*, fourteen thousand seven hundred and forty-two dollars and fifty-eight cents.

The bill did not get President Cleveland's signature because it did not reach him in time to examine it before Congress expired.

Your committee report back the bill, and recommend its passage.